

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3599-01
Bill No.: HB 1438
Subject: Administrative Law; Boats and Watercraft; Business and Commerce; Courts
Type: Original
Date: January 21, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Administrative Hearing Commission (COA)** assume this proposal would not significantly alter its caseload. COA notes that if other similar proposals pass, there would be fiscal impact resulting from more cases or more complex cases.

Officials from the **Office of the State Courts Administrator** assume the proposed legislation would have no fiscal impact on their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses could be positively impacted by this proposal because franchisers would not be able to limit the franchisees' acquisition of another line make or model. Small businesses could also positively be impacted as a result of required written information regarding warranty service and schedule of compensation. Language in the proposal, directed at timely payments from the franchiser, could also help the franchisee secure payment for services.

Small business franchises that are trying to establish or relocate motorcycle, all-terrain, and personal watercraft dealerships in a relevant market area where the same line make is already present could be negatively impacted (increased paperwork, rejection) due to restrictions.

DESCRIPTION

This proposal revises the motorcycle and all-terrain vehicle franchise statutes to include personal watercraft and to parallel the provisions for motor vehicle franchises.

KLR:LR:OD (12/01)

DESCRIPTION (continued)

Restrictions are placed on establishing or relocating new motorcycle, all-terrain, and personal watercraft dealers within the relevant market area where the same line make is already present. "Relevant market area" is defined as an area within a six-mile radius of the intended site in counties with a population greater than 100,000 and within a 10-mile radius in counties with a population less than 100,000. Procedures in matters before the Administrative Hearing Commission are revised. If franchiser actions require "good cause," those actions must be put on hold if the commission determines good cause does not exist. The franchisee may seek enforcement of this decision in the circuit court of the county in which the franchisee resides or operates the franchise business.

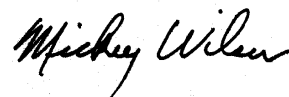
The proposal also prohibits franchisers from requiring franchisees to cancel or refrain from acquiring a franchise in another line make of motorcycles, all-terrain vehicles, or personal watercraft. Franchisers are also prohibited from refusing to sell franchisees any particular model of motorcycle, all-terrain vehicle, or personal watercraft.

The proposal would require franchisers to provide their franchisees with specific written information regarding warranty service, including a schedule of compensation for warranty service. Franchisers are required to compensate franchisees for warranty service and claims for labor and parts must be paid within 30 days after approval. Claims would be deemed approved if not specifically disapproved within 30 days after receipt by the franchiser. Approved claims may not be charged back unless the franchiser can prove the claim fraudulent or unsubstantiated. In any event, charge backs may not occur more than two years after payment of the claim. Franchisees must also be compensated for franchiser-sponsored sales or service promotion events – claims must be approved within 30 days and paid within 10 days after approval.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Administrative Hearing Commission
Office of the State Courts Administrator

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA

Acting Director

January 22, 2002